

GAS TRANSPORTATION ALLOWANCE REPORT

OMB NO. 1010 - 0075  
Expires 10/31/2004

FOR MMS USE ONLY:

1 PAYOR NAME

2 PAYOR CODE

ADDRESS

CITY STATE ZIP

4 AMENDED REPORT

5 REPORTING PERIOD to (mm/dd/ccyy)

3 FOR PAYOR USE ONLY:

6	7	8	9	10	11 ACTUAL DATA		
					a	b	c
	LEASE NUMBER	AGREEMENT NUMBER	PRODUCT CODE	NON-ARM'S-LENGTH INDICATOR	ROYALTY QUANTITY	ALLOWANCE RATE PER UNIT	ROYALTY ALLOWANCE AMOUNT
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							

12	PAGE TOTAL		XXXXXXXXXXXX	
13	REPORT TOTAL (LAST PAGE ONLY)		XXXXXXXXXXXX	

IF MORE LINES ARE NEEDED, ATTACH ADDITIONAL PAGES OF FORM MMS-4295

I have read and examined the statements in this report and, to the best of my knowledge, they are accurate and complete.

NAME (FIRST, MIDDLE INITIAL, LAST) (typed or printed)DATE:

AUTHORIZED SIGNATURE:DATE:

NAME OF PREPARER:TELEPHONE NUMBER:

THIS INFORMATION SHOULD BE CONSIDERED (Please check one) PROPRIETARY NONPROPRIETARY

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected to aid the Minerals Management Service (MMS) in its product valuation and allowance determination process, essential to assuring that Indians receive proper royalty value for minerals removed. Respondents need only submit this information if they choose to file for a royalty allowance. We estimate the burden for voluntarily filing is 1/4 hour per allowance data line. Comments on the accuracy of this burden estimate or suggestions on reducing this burden should be directed to the Information Collection Clearance Officer, MMS, MS 4230, 1849 C Street, N.W., Washington, DC 20240. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

FORM MMS-4295 -- GENERAL INSTRUCTIONS.  
GAS TRANSPORTATION ALLOWANCE REPORT

The purpose of Form MMS-4295 is to provide for the determination and reporting of costs associated with non-arm's-length contracts or no contract situations for transporting gas and gas plant products under 30 CFR 206.178. Allowable transportation costs must be based upon the following criteria: (1) arm's-length based allowances--allowable cost incurred under an arm's-length contract; and (2) non-arm's-length based allowance--actual, allowable operating cost plus depreciation, plus a return on the undepreciated portion of the depreciable capital. Allowable cost divided by lease production yields the transportation allowance rate.

In accordance with 30 CFR 206.177, a payor may deduct from royalty payments the reasonable actual costs incurred by the lessee to transport unprocessed gas, residue gas, and gas plant products from a lease to a point off the lease including, if appropriate, transportation from the lease to a gas processing plant off the lease and from the plant to a point away from the plant. Costs for transporting products, excluding waste products that have no value, which are not valued for royalty purposes will be allowed only if the lessee has secured prior approval from MMS.

For transportation costs incurred under arm's-length conditions, payors are not required to submit Form MMS-4295. Instead, payors are required to submit a copy of its arm's-length transportation contract to MMS within 2 months of the date MMS receives your first report that deducts the allowance on the Form MMS-2014. For transportation costs incurred under other than arm's-length conditions, Schedules 1, 1A, 1B, and 1C, as appropriate, will be used to determine the allowance and will be submitted to MMS with Page 1 of Form MMS-4295 within 3 months after the end of the 12-month period to which the allowance applies.

For purposes of this report, a sale means the disposition of gas or gas products under a non-arm's-length contract, or no contract situation. A transportation facility means a physical system associated with the transportation of gas or gas products from the lease to a point of disposition remote from the lease. A transportation segment is any mode of transportation from one point to another for which the payor can associate unique, identifiable costs. A transportation segment may be part of the total transportation facility such as from one tie-in to another tie-in location on the pipeline, or may constitute the entire facility. Examples of a transportation segment would be an origin-to-destination pipeline owned by the lessee, and truck haulage over specific routes where the equipment is owned by the lessee. An example of a multi-segment transportation system would be a pipeline bringing sour gas to a processing facility and rail or truck haulage to transport sulfur from the processing plant to a remote point of sale.

Form MMS-4295, Page 1, is used to report the royalty allowance amount claimed during the reporting period by Lease Number and Agreement Number (if applicable), combination and product code.

Form MMS-4295, Schedule 1, is used to accumulate segment costs and to compute the royalty allowance rate for a transportation facility. A separate Schedule 1 must be completed for each Lease Number and Agreement Number (if applicable), combination.

Form MMS-4295, Schedule 1A, summarizes operating, maintenance, and overhead costs for a non-arm's-length or no contract transportation segment.

Form MMS-4295, Supplemental Schedule 1A, is used to detail operating, maintenance, and overhead costs that could not be shown on Schedule 1A because of its limited space.

Form MMS-4295, Schedule 1B, summarizes depreciation and undepreciated capital investment costs for a non-arm's-length or no contract transportation segment.

Form MMS-4295, Schedule 1C, is used to determine an allowance for non-arm's-length or no contract transportation of natural gas liquids (NGLs) or sulfur from a lease to a gas processing facility.

(Rev. 08/2001)

INSTRUCTIONS FOR COMPLETING FORM MMS-4295, Page 1

1. Enter the payor name and address used to report royalties and transportation deductions on Form MMS-2014.
2. Enter the same payor code as used on Form MMS-2014.
3. Reserved for payor comment.
4. Check the Amended Report box if this report is amending previously submitted data. A corrected report requires a two-line entry. The first line reverses the original entry using a minus sign (-) in columns 11a, 11b, and 11c, as applicable, and the second line shows the correct entry.
5. Enter as the reporting period, the period covered by the actual cost data for the transportation allowance being reported in column 11. The reporting period will begin the first day of the calendar year or when the transportation contract begins, is modified or amended and will end the last day of the calendar year or when the transportation contract or rate terminates, is modified or amended whichever is earlier.
6. Line count; i.e., the number of allowances being reported.
7. Enter the same Lease Number as used on Form MMS-2014.
8. Enter the same Agreement Number as used on Form MMS-2014.
9. Enter the same product code as used on Form MMS-2014.
10. Enter a non-arm's-length indicator as "NARM" for the portion of the transportation costs incurred under non-arm's-length or no contract situations.
11. Column 11 is used to report actual cost data for the reporting period. Enter in column 11a the royalty quantity transported during the reporting period. Enter in column 11b the lesser of the transportation allowance rate from Schedule 1, line 16, or 50 percent of the unit value of the gas or gas product unless MMS has approved a rate in excess of 50 percent. Enter in column 11c the royalty allowance amount determined by multiplying column 11a by column 11b. (Royalty quantity is the total of the monthly royalty quantities actually transported during the reporting period.)
12. Enter page totals on line 12.
13. If the number of allowances being reported exceeds the number of lines on the Form MMS-4295, use additional Page 1, Form MMS-4295s. If more than one Page 1, Form MMS-4295 is submitted, add the amounts on line 12 from each page and enter the total only once on line 13 of the last page of the Gas Transportation Allowance Report.

Indicate by checking the appropriate box whether the information should be considered proprietary or nonproprietary.